

CLUBS AND SOCIETIES

BRITISH CHAMBER OF COMMERCE

Annual General Meeting: Review of the Year: Important Questions of Policy

The eighth annual general meeting of the British Chamber of Commerce took place on Monday at the Shanghai Club. The meeting was well attended and was opened at 5.15 p.m. by the Chairman, Mr. A. W. Burkill, whose address appears below. The Chamber's Honorary President, Mr. Sidney Barton, C.M.G., H. M. Consul-General, was present, and at the Committee table also were Messrs. A. W. Burkill, H. E. Arnhold, H. J. Brett, W. H. Trenchard Davis, L. W. Hutton, C. G. Humphrys, H. W. Lester, E. F. Mackay, C. G. S. Mackie, F. R. Scott, G. H. Stitt, the Secretary and the Assistant Secretary.

After the financial report and statement of accounts had been adopted the Chairman said:—

Our eighth annual general meeting follows so closely upon the meeting of the Associated Chambers, such a very full report of which appears in this month's issue of our Journal, that I feel you expect my address to-day to be brief. I will try not to disappoint you, though there is much to say. Some of it I can summarize, because it was dealt with a month ago, but there are a number of points that were not touched on then, and one or two questions of general policy which must also be dealt with.

I ought, I think, to preface my remarks by expressing our appreciation of the very great assistance which we have received during the past year from our

Associated Chambers, in particular Peking, Tientsin and Hankow, and of the very great help we have had from His Majesty's Legation. As Mr. Mackay said last year, this Chamber is very much stronger for being associated with the Chambers of the other Treaty Ports and of Hongkong, while the backing and help that we have received from His Majesty's representatives have proved invaluable. In our Honorary President, Mr. Sidney Barton, whom I welcome to our meeting to-day, we feel we have that greatest of assets, a strong man who will help us when he believes us to be right, and will tell us frankly when he believes us to be wrong. We have not amongst us to-day Mr. Fox, who, as you know, has left us for the Olympian heights of Peking, but we know that from that point of vantage he looks down upon us with beneficence and readiness to extend a helping hand. In his place here we have Mr. Brett, to whose assistance we already owe so much.

The subjects with which I think I need hardly deal, because they were discussed a month ago, are those of internal taxation, which owing to the present state of disorder in China is more than ever at sixes and sevens; the question of having a Customs House at Pukow; that of the mail service to China; the absurdities of the Merchant Shipping Acts, which preclude vessels owned by China Companies from enjoying some of the benefits which vessels recognized as British enjoy; extraterritorial rights in China and the necessity of our being prepared with evidence of the present state of judicial administration to place before the coming International Commission; Currency questions; Rule I of the Customs Tariff; arbitration awards issued by the London Produce Brokers Association; trade marks and copyright and the Boxer Indemnity. On these subjects I shall be very glad to answer questions which you may have to raise and if there are any points on which I can throw additional light I will try my best to do so.

Before leaving this group of subjects I feel sure I may say that the incoming Committee will do their utmost to see that your interests in regard to all of them are closely watched and energetically pushed.

PIECE GOODS CONTRACTS.

Of the next group of subjects perhaps the most important is that of the proposed Standard Piece Goods Contract.

The proposed contract, upon which the Piece Goods Sub-Committee, under the able chairmanship of Mr. Beytagh, has spent so much time, has now reached a stage beyond which, greatly to our disappointment, it appears at the moment impossible to carry it. Everything at the Manchester and Bradford end has gone well and when we last communicated with them on the subject we had every reason to think that all the points agreed upon between us would also be agreed upon between us and the Chinese. Practically all of them have been, but unfortunately there

are two points outstanding which are still the subject of correspondence with the Chen Hua Tang Piece Goods Guild. It is possible that the difficulties which these points represent may be overcome, but that has to be admitted to be doubtful. The negotiations with the guild have throughout been conducted in the most friendly and helpful spirit and I pay a tribute with pleasure to their fairness and their obvious desire to meet British merchants in every way possible. They have agreed to a considerable number of conditions which transfer to the native merchants most of the risks which have been wrongly carried hitherto by the foreign importer, such, for instance, as the payment of substantial margin, if goods are not cleared at due date, but on the other questions just referred to they ask what we feel we cannot concede.

However, even supposing these two questions make what we had hoped for impossible, it is proposed to forward copies of the contract to all piece goods firms, partly to meet the wishes of those members of this and other Chambers who have expressed a desire for a standard contract, and partly for the use of those members who care to avail themselves of the manifest safeguards which the contract provides. It is thought in many quarters that a standard contract will at some time become imperative as it has become in other markets.

SHANGHAI HARBOUR.

Another Sub-Committee which has been very active during the past year is the Shipping Sub-Committee. It has had very important work to do in connexion with the future of Shanghai Harbour. The report issued by the International Committee of Engineers was submitted, as you know, to all the Chambers of Commerce in Shanghai, and our Shipping Sub-Committee went into it very fully, eventually agreeing with most of the recommendations made by the engineers, but disagreeing with some. They were in complete agreement with the opinion that as far as the approaches to the harbour are concerned a strong harbour policy is essential. They also agreed with the suggestions that a mail and passenger wharf near the mouth of the Huangpu should be constructed, provided always that the class of vessels for which such a wharf is intended are willing and able to use it. And they favoured authority being secured to build a wharf godown and railway terminal on the left bank of the Huangpu under certain conditions. These various points were settled after a good deal of discussion and careful investigation and I think a word of acknowledgment is due to Mr. G. W. Sheppard, who did a great deal of this work.

I regret that I cannot give you any information as to when the recommendations of this International Committee of Engineers are to be put into force, but it is sincerely to be hoped that a commencement will soon be made. Shanghai is growing so fast, and has such a big future, that it is essen-

tial we should have a harbour capable of coping with our growing trade.

The questions of the policing of the harbour and the improvement of the Soochow Creek have also been dealt with. It is generally recognized that the policing of the harbour is quite inadequate, with the result that pilferage and theft are carried on on such a large scale that they constitute a menace to the trade of this Port. This question is, however, under the consideration of the Inspector General, and we can only hope that the result will be a strengthening of the force, with the requisite launches, to enable it more adequately to cope with this evil.

The condition of the Soochow Creek is very serious, and I regret to say that so far our efforts to have this waterway dredged have failed. The suggestions put forward by us have not been favoured as they were supposed to be interfering with China's sovereign rights. The congestion of the creek, with the consequent delay in taking cargo to and from the various industries now established on its banks, causes a very heavy loss to all nationalities, and what perhaps is more important is the serious situation that arose last winter when the creek for several days was practically closed, and food stuffs, daily supplies of which are so necessary for our large Chinese population, were held up.

Having dealt with the work of other Sub-Committees, notably the Chemicals Sub-Committee under the chairmanship of Mr. R. G. H. Cole, the Exports Sub-Committee, under the chairmanship of Mr. C. H. Arnhold and the Chinese Language School Sub-Committee under that of Mr. C. F. Garstin, the Chairman instanced the work done during the revision of the tariff as illustrating the strength and utility of the Chamber as an advisory body on its technical side. The Chairman also referred to the success of the Chamber's Journal and made a special point of thanking its special correspondents.

After touching on the work done by the Chamber in arbitration cases and thanking those who have acted as arbitrators and surveyors on behalf of the Chamber, the Chairman proceeded as follows:—

THE QUESTION OF A POLICY.

I turn now to general questions of policy. I want to deal first with the question, is it the business of a Chamber to have a policy or policies? That is a question which has been asked, more or less by way of criticism, during the past year.

It is our business to this extent, that our trade in China depends not only upon market conditions but also upon administrative conditions. The demand for piece goods from Szechuan, for example, depends to some extent, indeed no small extent, upon whether it is safe for Chinese buyers to order goods for Szechuan. Again, the sale of oil and cigarettes in the West River delta is affected not merely by the safety of the delta but by the actions of Chinese officials in regard to taxation. They

can hinder the sale of oil and cigarettes by subjecting them to taxation additional to the taxation which their price to the consumer is calculated to bear. You will, I think, agree with me that it is part of our duty as a Chamber to protest against bad administrative conditions of this kind.

And if you will consider the point for a moment you will, I think, also agree that any protest against bad conditions necessarily involves saying what we think the conditions ought to be. But once you begin saying what ought to be you are making recommendations and recommendations cannot be made haphazard. They must necessarily be made with reference to some underlying principle or idea. To take a homely instance: you would think very little of a medical adviser who recommended some particular treatment without having studied either the causes of your complaint or the effects of his proposed remedy. Similarly with a Chamber of Commerce; a Chamber of Commerce cannot say that certain things are bad for trade unless it is prepared also to say what things are good for it. Thus having a policy becomes a necessary and inevitable part of a Chamber's work.

This point will, I think, be all the clearer to you when I remind you that we are constantly being asked by the Legation for our views on commercial questions. Their business is to protect our interests and they cannot protect them unless they know first in what way any suggested action is likely to affect them. For information on that point they turn to us. In that way also we come to have a policy. We come to have a policy in regard to trade marks; in regard to internal taxation; in regard to currency, in regard to tariff questions and so on.

THE SURTAX.

Quite recently we have had to consider our policy in regard to the proposed 2½ per cent. increase of China's import tariff, which is a matter of very great commercial importance. The impression some of you may have got from recent irresponsible criticism is that we have, so to speak, jumped in on our own initiative to air our views on this subject. If you have got that impression I want to correct it. We came to deal with the subject because we were asked specially to take advantage of our annual conference to obtain an expression of opinion about it.

Naturally we took a very great deal of trouble over the question and considered carefully what our recommendations should be. One line that presented itself was to recommend that no increase in the tariff should be allowed.

Against taking that line were the following considerations. First: We consulted the best available opinion and found that, if we took that line, we should not be at all helpful because we should only be recommending that a Treaty agreed to in principle by nine governments should be set aside.

Secondly: To take that line was to recommend a policy that might

quite conceivably, indeed I think I may say, that would probably lead to a smash. It is all very well for irresponsible people to recommend a line of that kind, but they would not have to pick up the pieces, whereas we should. The serious fact which we have to face is that unless something is done to prevent it, China's financial credit will be broken and that means considerably more than a drop in the price of Chinese securities. It means that nobody is going to supply the government with materials; that important railways, some of which are already in a bad way, will become practically useless and that again means a very serious dislocation both of administration and of business. It is perfectly true that the present state of this country's finances is largely the fault of her politicians. It is true that if her existing resources had been properly used the mess in which she now finds herself would not exist. It is also true, however, that in the opinion of all the experts, financial and other, the mess is so bad that it cannot be cleared up by the Chinese themselves without outside help.

Accordingly we decided that merely to recommend that nothing should be done would be very useless advice to give. So we then set about considering on what conditions help should be given, for merely to give China more money without stating very definitely how the money should be used would be futile.

CONSOLIDATION AND DISBANDMENT.

After a great deal of discussion, not only here in Shanghai, but in Peking also, we put forward two main conditions, one that the money got from the surtax should be used to consolidate unsecured and insufficiently secured debts, the other that it should be used for disbandment of troops.

Now it is perfectly true that these two conditions, if fulfilled, would not solve all China's problems. We do not for a moment say that they would. But they would solve the two most urgent problems and thus help towards solving those that remain.

Such, gentlemen, are the underlying principles of our surtax resolution about which there has been so much irresponsible comment. We have not advocated and do not advocate, that more money should be given to China for politicians to play with. On the contrary we advocate that if the Nine Power Customs Treaty is carried out it should be carried out in such a way as will prevent politicians playing ducks and drakes with the proceeds. Nor do we advocate, nor have we at any time advocated, a loan in existing circumstances. What we advocate, and what our resolution at the Conference advocated, is that if existing circumstances are changed by agreement on the part of Chinese to disbandment of troops, to consolidation of indebtedness at present unsecured and insufficiently provided for, and to the use of the proceeds of the proposed surtax for that purpose,

then and then only should outside assistance be given to the country in the shape of a loan properly secured, properly earmarked and properly supervised.

Arising out of this question of the Chamber adopting policies I want to say a word in reply to criticism which has been heard, not officially but privately, namely, that the Chamber is trying to do too much. I would put the matter to you in this way, that work is always placed upon the individual or the body which shows itself capable of doing it. An individual or a body does one bit of work well and arising out of that work more is expected. Now the fact is that so far from accepting all the work that is offered to us we deliberately refuse a good deal. People come to us and ask us to do this and that, things that are really not our business and they ask us to undertake it because they have come to have very great confidence in us. We have turned down a number of such suggestions. We take on only what really concerns us. You sometimes hear people say, why not deal only with trade and leave politics alone? My answer is: Willingly we will leave politics alone where it can be shown that they are not connected with trade. But the fact is that in this country politics and trade are practically inseparable. You cannot deal with the one without dealing with the other. I assure you we do not go about looking for work, or for trouble either. Our sole object is to advance and protect our commercial interests. That is what we exist for and that is what we try to do. In the process the circle of our responsibilities necessarily widens, but that is inevitable, and the day the Chamber shirks responsibility will be a very bad day for all of us.

THIS YEAR'S COMMITTEE.

The Committee elected to serve during the present year is as follows: Messrs. H. E. Arnhold, B. D. F. Beith, W. H. Trenchard Davis, L. W. Hutton, W. B. Kennett, C. G. Humphrys, H. W. Lester, E. F. Mackay, R. Calder Marshall, P. W. Massey, F. R. Scott, G. H. Stitt.

Mr. H. E. Arnhold proposed a vote of thanks to Mr. Burkill for the work he had done as chairman of the Chamber, a proposal carried with acclamation.